

AMENDMENT #9

OFFERED IN THE HOUSE

BY REPRESENTATIVE GARDNER

TO: CSHB 3001(FIN)

Page 1, line 1: *(title amendment)*

Delete "tax"

Insert "taxes"

Page 1, lines 3 - 4: *(title amendment)*

Delete "amending the definition of 'gas' as that definition applies in the Alaska
Stranded Gas Development Act;"

Page 3, line 5:

Delete "or gas"

Delete "and gas"

Page 3, lines 6 - 7:

Delete "and gas"

Page 3, line 8:

Delete "and (k)"

Page 3, line 9:

Delete "and gas"

Page 3, line 15:

Delete "BTU equivalent"

1
2 Page 3, line 17:
3 Delete "BTU equivalent"
4
5 Page 3, line 19:
6 Delete "BTU equivalent"
7
8 Page 3, lines 27 - 28:
9 Delete "and gas, in BTU equivalent barrels,"
10
11 Page 4, line 2:
12 Delete "and gas"
13
14 Page 4, line 17:
15 Delete "and gas"
16
17 Page 4, line 28:
18 Delete "or gas"
19
20 Page 4, line 29:
21 Delete "and gas"
22
23 Page 4, line 30:
24 Delete "and gas"
25
26 Page 4, line 31:
27 Delete "and (k)"
28
29 Page 5, line 3:
30 Delete "and gas"
31

Page 5, line 6:

Delete "and gas"

Page 5, line 10:

Delete "and gas"

Page 5, lines 12 - 13:

Delete "and gas"

Delete ", in BTU equivalent barrels"

Page 5, line 14:

Delete "or gas"

Page 5, line 16:

Delete "and gas"

Page 5, lines 21 - 22:

Delete all material.

Renumber the following paragraph accordingly.

Page 5, line 24:

Delete "or (2)"

Page 5, line 27:

Delete "and (2)"

Page 5, line 29, through page 6, line 16:

Delete all material.

Reletter the following subsections accordingly.

Page 7, line 5:

Delete "or (k)"

Page 7, line 6:

Delete "or gas"

Page 7, line 10, through page 8, line 10:

Delete all material.

Page 7, line 23:

Delete "or (k)"

Page 8, following line 17:

Insert a new bill section to read:

*** Sec. 6.** AS 43.55.013(j) is amended to read:

(j) The department may aggregate two or more leases or properties (or portions of them), for purposes of determining **the** economic limit **factor** [FACTORS] under this section and applying **it** [THEM] to [AS 43.55.011 OR] AS 43.55.016, when economically interdependent [OIL OR] gas production operations are not confined to a single lease or property. The department may also segregate a lease or property into two or more parts, for purposes of determining **the** economic limit **factor** [FACTORS] under this section and applying **it** [THEM] under [AS 43.55.011 OR] AS 43.55.016, when two or more economically independent [OIL OR] gas production operations are being conducted on it [, OR WHEN OLD CRUDE OIL IS PRODUCED FROM THE SAME LEASE OR PROPERTY AS OTHER OIL]."

Renumber the following bill sections accordingly.

Page 8, line 28, following "(a)":

Insert "The production tax on gas shall be paid monthly. The tax on gas is due on the

20th day of each calendar month on gas produced from each lease or property during the preceding month. If the tax on gas is not paid before the end of the month in which it becomes due, the tax becomes delinquent."

Page 9, line 10:

Delete "and gas"

Page 9, line 19:

Delete "or gas"

Page 9, lines 27 - 28:

Delete "the sum of"

Page 9, line 29:

Delete "(A)"

Page 10, line 1:

Delete "plus"

Page 10, lines 2 - 5:

Delete all material.

Page 10, line 11:

Delete "**and** [OR]"

Insert "or"

Page 10, line 14:

Delete "**and**"

Insert "**or**"

Page 10, line 15, following "**AS 43.55.011**":

- 1 Insert "or 43.55.016"
- 2
- 3 Page 10, line 16:
- 4 Delete "and [OR]"
- 5 Insert "or"
- 6
- 7 Page 10, line 18, following "tax":
- 8 insert "on oil and monthly payments of tax on gas"
- 9
- 10 Page 10, line 22:
- 11 Delete "and gas"
- 12
- 13 Page 10, line 23:
- 14 Delete "and gas"
- 15
- 16 Page 10, line 25:
- 17 Delete "and gas"
- 18
- 19 Page 10, line 30:
- 20 Delete "and gas"
- 21
- 22 Page 11, lines 1 - 8:
- 23 Delete all material.
- 24
- 25 Renumber the following bill sections accordingly.
- 26
- 27 Page 12, line 21:
- 28 Delete "and gas"
- 29
- 30 Page 14, line 17:
- 31 Delete "and gas"

1
2 Page 14, line 24:
3 Delete "and gas"
4
5 Page 14, line 25:
6 Delete "BTU equivalent"
7
8 Page 16, line 17:
9 Delete "or gas"
10
11 Page 17, line 24:
12 Delete "and gas"
13
14 Page 18, line 2:
15 Delete "or gas"
16
17 Page 18, line 5:
18 Delete "or gas"
19
20 Page 18, line 12:
21 Delete "and gas"
22
23 Page 18, line 13:
24 Delete "BTU equivalent"
25 Following "barrels"
26 Insert "a"
27
28 Page 18, line 14:
29 Delete "and gas"
30
31 Page 18, line 16:

1 Delete "BTU equivalent"

2

3 Page 18, line 18:

4 Delete "BTU equivalent"

5

6 Page 18, line 22:

7 Delete "and gas"

8

9 Page 18, line 23:

10 Delete "in BTU equivalent barrels"

11

12 Page 18, line 27:

13 Delete "or gas"

14

15 Page 18, line 29:

16 Delete "or gas"

17

18 Page 19, line 9:

19 Delete "and gas"

20

21 Page 19, line 20, following "AS 43.55.011(e)":

22 Insert "or 43.55.016"

23

24 Page 22, line 5, following "AS 43.55.011(e)":

25 Insert "or 43.55.016"

26

27 Page 22, line 15, following "AS 43.55.011(e)":

28 Insert "or 43.55.016"

29

30 Page 22, line 24, following "AS 43.55.011(e)":

31 Insert "or 43.55.016, as applicable."

- 1
- 2 Page 22, line 27, following "AS 43.55.011(e)":
- 3 Insert "or 43.55.016, as applicable,"
- 4
- 5 Page 22, line 29, following "AS 43.55.011(e)":
- 6 Insert "or 43.55.016, as applicable,"
- 7
- 8 Page 23, line 8:
- 9 Delete "and [OR] gas were [WAS]"
- 10 Insert "or gas was"
- 11
- 12 Page 23, line 13:
- 13 Delete "and gas"
- 14 Insert "or gas, as applicable,"
- 15
- 16 Page 23, line 15:
- 17 Delete "and of the [OR] gas"
- 18 Insert ", or the total value of the gas, as applicable,"
- 19
- 20 Page 23, line 18:
- 21 Delete "and for the [OR]"
- 22 Insert "or"
- 23
- 24 Page 25, line 11, following "value":
- 25 Delete "at the point of production is"
- 26 Insert "of gas and the gross value at the point of production of oil are"
- 27
- 28 Page 25, line 22:
- 29 Delete "and gas"
- 30
- 31 Page 25, line 25:

Delete "and gas"

Page 25, line 27:

Delete "and gas"

Page 25, line 30:

Delete "and gas"

Page 26, line 1:

Delete "and gas"

Page 26, line 4:

Delete "and gas"

Page 26, lines 6 - 7:

Delete "and gas"

Page 26, lines 15 - 20:

Delete all material.

Page 26, line 22:

Delete "and gas"

Page 26, line 24:

Delete "and gas"

Page 26, line 27:

Delete "and gas"

Page 26, line 29:

Delete "and gas"

1
2 Page 27, line 1:
3 Delete "and gas"
4
5 Page 27, lines 3 - 4:
6 Delete "and gas"
7
8 Page 27, line 11:
9 Delete ";"
10 Insert "."
11
12 Page 27, lines 12 - 17:
13 Delete all material.
14
15 Page 27, line 22:
16 Delete "and gas"
17
18 Page 27, line 26:
19 Delete "or gas"
20
21 Page 28, line 9:
22 Delete "or gas"
23
24 Page 28, line 15:
25 Delete "and gas"
26
27 Page 28, line 17:
28 Delete "or gas"
29
30 Page 28, line 19:
31 Delete "or gas"

1
2 Page 29, line 11:
3 Delete "or gas"
4
5 Page 29, line 14:
6 Delete "or gas"
7
8 Page 29, line 16:
9 Delete "or gas"
10
11 Page 29, line 23:
12 Delete "and gas"
13
14 Page 30, line 11:
15 Delete "or gas"
16
17 Page 30, line 20:
18 Delete "and gas"
19
20 Page 31, line 4:
21 Delete "or gas"
22
23 Page 31, line 8:
24 Delete "or gas"
25
26 Page 32, lines 8 - 9:
27 Delete "and gas production, in barrels of oil equivalent,"
28 Insert "production"
29
30 Page 32, line 11:
31 Delete "and gas production, in barrels of oil equivalent,"

1 Insert "production"

2
3 Page 32, lines 18 - 20:

4 Delete all material.

5
6 Page 32, line 31:

7 Delete "or gas"

8
9 Page 33, line 7:

10 Delete "or gas"

11
12 Page 33, line 8:

13 Delete "or gas"

14
15 Page 33, line 9:

16 Delete "or gas"

17
18 Page 33, lines 11 - 15:

19 Delete all material and insert:

20 "(h) If a cost that would otherwise constitute a lease expenditure under this
21 section is incurred to explore for, develop, or produce both oil and gas, the department
22 shall allocate the cost between oil and gas to determine the amount applicable to oil
23 and deductible under this section by (1) a ratio of the volume of oil production to the
24 volume of gas production in barrels of oil equivalent for the applicable lease or
25 property, (2) the predominant purpose of the expenditure between oil and gas, or (3)
26 other reasonable allocation methods to determine the portion of the cost that is
27 appropriately treated as a lease expenditure for oil under this section. In this
28 subsection, "barrels of oil equivalent" means 6,000 cubic feet of gas."

29
30 Page 33, line 27:

31 Delete "or gas"

1

2 Page 34, line 11:

3 Delete "or gas"

4

5 Page 34, line 26:

6 Delete "or gas"

7

8 Page 34, line 30:

9 Delete "or gas"

10

11 Page 35, line 10:

12 Delete "or gas"

13

14 Page 37, line 4, through page 37, line 14:

15 Delete all material.

16

17 Renumber the following bill sections accordingly.

18

19 Page 37, lines 19 - 20:

20 Delete all material and insert:

21 "(B) for gas

22

23 of the gas at the point where it is accurately metered or measured after
 24 separation from the oil; for gas run through a gas processing plant, the
 25 gross value at the point of production is the full consideration received
 26 by the producer for the gas if sold in an arm's length transaction or, in
 27 the absence of an arm's length transaction, is the sum of the value of the
 28 liquids extracted from the gas at the plant and the value of the residue
 29 gas, less a reasonable allowance for processing the gas at the plant and
 30 for transporting the gas to the plant from the premises on which the oil
 31 production operation is conducted; and

1 (ii) not recovered from or in association with oil, the
2 value of the gas at the point where it is accurately metered or measured
3 or the value of the gas at the point of sale, if any, on the premises of the
4 lease or property from which the gas is recovered, whichever is the
5 higher value; for gas run through a gas processing plant, the gross value
6 at the point of production is the full consideration received by the
7 producer for the gas if sold in an arm's length transaction or, in the
8 absence of an arm's length transaction, is the sum of the value of the
9 liquids extracted from the gas at the plant and the value of the residue
10 gas, less a reasonable allowance for processing the gas at the plant and
11 for transporting the gas to the plant from the point where it was
12 accurately metered or measured;"

13
14 Page 37, line 27, through page 38, line 2:

15 Delete all material.

16
17 Renumber the following paragraphs accordingly.

18
19 Page 39, lines 1 - 2:

20 Delete all material.

21
22 Renumber the following paragraphs accordingly.

23
24 Page 39, line 13:

25 Delete "(A) for oil,"

26
27 Page 39, line 20:

28 Delete ";

29 Insert "."

30
31 Page 39, line 21, through page 40, line 3:

- 1 Delete all material.
- 2
- 3 Page 40, line 4:
- 4 Delete "43.55.013, 43.55.016"
- 5 Insert "43.55.013(b), 43.55.013(d)"
- 6
- 7 Page 40, line 9:
- 8 Delete "5, 7 - 10, 12 - 14, 16 - 20, 24, and 26 - 34"
- 9 Insert "5, 8 - 10, 12 - 14, 16 - 20, 24, and 25 - 33"
- 10
- 11 Page 40, line 17:
- 12 Delete "and gas"
- 13
- 14 Page 40, line 24:
- 15 Delete "and gas"
- 16
- 17 Page 40, line 28:
- 18 Delete "and gas"
- 19
- 20 Page 41, line 3:
- 21 Delete "and gas"
- 22
- 23 Page 42, line 9:
- 24 Delete "AS 43.55.160(a)(2)(A) - (D)"
- 25 Insert "AS 43.55.160(a)(2)(A) - (C)"
- 26
- 27 Page 42, lines 15 - 16:
- 28 Delete "5, 7 - 10, 12 - 14, 16 - 20, 24 - 34, and 36"
- 29 Insert "5, 8 - 10, 12 - 14, 16 - 20, 24 - 33, and 35"
- 30
- 31 Page 42, lines 19 - 31:

- 1 Delete all material.
- 2
- 3 Renumber the following bill sections accordingly.
- 4
- 5 Page 42, lines 3 - 4:
- 6 Delete "5, 7 - 10, 12 - 14, 16 - 20, and 24 - 36"
- 7 Insert "5, 8 - 10, 12 - 14, 16 - 20, and 24 - 35"